

**IN THE DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION
STATE OF MISSOURI**

In Re:)
)
LIBERTY INSURANCE CORPORATION) Market Conduct Investigation No. 235901
(NAIC #0111-42404))

ORDER OF THE DIRECTOR

NOW, on this 3rd day of August, 2016, Director, John M. Huff, after consideration and review of the market conduct investigation of Liberty Insurance Corporation (NAIC #0111-42404) (hereafter referred to as “Liberty”) investigation number 235901, conducted by the Division of Insurance Market Regulation pursuant to §374.190¹ and the Stipulation of Settlement and Voluntary Forfeiture (“Stipulation”), does hereby issue the following orders:

This order, issued pursuant to §374.046.15, RSMo (Cum. Supp. 2013) and §374.280 is in the public interest.

IT IS THEREFORE ORDERED that Liberty and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.


IT IS FURTHER ORDERED that Liberty shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Liberty in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri and to maintain those corrective actions at all times.

IT IS FURTHER ORDERED that Liberty shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$8,000, payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 3rd day of August, 2016.





John M. Huff
Director

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2000, as amended.

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STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter referred to as “the Division”) and Liberty Insurance Corporation (NAIC #0111-42404) (hereinafter referred to as “Liberty”), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereinafter referred to as “the Department”), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri;

WHEREAS, Liberty has been granted a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a Market Conduct Investigation of Liberty; and

WHEREAS, the Market Conduct Investigation revealed that:

1. In seven instances, Liberty failed to establish grounds for cancellation based on material misrepresentation in violation of §375.002 and 20 CSR 100-8.040(3)(A)1A.
2. Liberty failed to carry out its contracts in good faith, in violation of §375.445.1(2), §375.936(13) and §375.934.

WHEREAS, Liberty neither admits nor denies the findings from the Market Conduct Investigation;

WHEREAS, the Division and Liberty have agreed to resolve the issues raised in the

Market Conduct Investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** Liberty agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain such remedial actions at all times, to reasonably assure that the errors noted in the Market Conduct Investigation do not recur. Such remedial actions shall include, but not be limited to, the following:

1. Liberty agrees to review and update its underwriting practices and procedures, specifically, the review of its notice of cancellation letters to policyholders to ensure:

- a. All applications are signed and verified by the applicant/insured.
- b. Adherence to the cancellation notice requirements contained in §§375.001 to 375.011.
- c. Provide clear and specific reasons to the insured for cancellation.
- d. Refund unearned premiums within 30 days of any notice of cancellation.
- e. Cancellations will only be issued for the reasons allowed by law. (§ 375.002 RSMo).

C. **Compliance.** Liberty agrees to file documentation with the Division within sixty (60) days of the entry of a final order of all remedial action taken to implement compliance with the terms of this stipulation.

D. **Voluntary Forfeiture.** Liberty agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$8,000, with such sum payable to the Missouri State School Fund in

accordance with §374.280.

E. **Waivers.** Liberty, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the above referenced Market Conduct Investigation.

F. **Changes.** No changes to this stipulation shall be effective unless made in writing and agreed to by all signatories to the stipulation.

G. **Governing Law.** This Stipulation of Settlement and Voluntary Forfeiture shall be governed and construed in accordance with the laws of the State of Missouri.

H. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation of Settlement and Voluntary Forfeiture, on behalf of the Division and Liberty respectively.

I. **Effect of Stipulation.** This Stipulation of Settlement and Voluntary Forfeiture shall become effective only upon entry of a Final Order by the Director of the Department of Insurance, Financial Institutions and Professional Registration (hereinafter the "Director") approving this Stipulation.

J. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation of Settlement and Voluntary Forfeiture and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: 8-1-2016




Angela Nelson
Director, Division of Insurance
Market Regulation

DATED: 7/25/2016


Stewart Freilich
Senior Regulatory Affairs Counsel
Division of Insurance Market Regulation

DATED: 7/18/16


Patrick Devlin
Regulatory Counsel
Liberty Insurance Corporation